

**Program Summary**  
**Department of Economic Security**  
**Child Support Enforcement Funding**

**Program Overview**

The Division of Child Support Enforcement (DCSE) program of the Department of Economic Security (DES) provides intake services, locates absent parents, assists in establishing paternity, establishes the legal obligation for the amount of child support payments, and evaluates the ability of the absent parent to pay.

The program also collects, enforces, investigates and works with the courts to review and adjust child support orders. In addition, the program, through a contract with a private vendor, operates a central payment clearinghouse for all child support payments in the state, including those enforced by private parties.

The program operates with three goals:

- Ensure that children are supported by their parents.
- Foster family responsibility.
- Reduce the costs of welfare to the taxpayer.

DCSE indicates that non-custodial parents who are involved financially in their child's life (e.g. those who pay their child support) are also more likely involved in other aspects of their child's life, such as school or extracurricular activities. When a parent does not pay child support, the risk that the child will need government-funded programs in the future rises.

The division coordinates with other divisions within DES to provide programs in food stamp distribution, cash assistance, vocational rehabilitation, jobs and child care programs to both the custodial and non-custodial parents.

Any person with custody of a child who needs assistance in establishing a child support or medical support order, or a parent who needs help to collect child support payments is eligible for services. An individual who qualifies for the program may be a custodial parent, a caretaker or caretaker relative with physical custody of a child or children, a purported father or a non-custodial parent. If they are receiving assistance from Temporary Assistance for Needy Families (TANF), or Medicaid, or federally-assisted foster care, they are automatically referred to DCSE for services.

**Program Funding**

The DCSE budget for FY 2008 includes direct appropriations from the following 4 fund sources:

- General Fund (GF).
- State Share of Retained Earnings (SSRE) from child support owed to the state while the custodial parent received TANF cash benefits.
- Federal incentives associated with child support collections.
- Fees from non-custodial parents for posting payments to the central payment clearinghouse.

As of October 1, 2007, federal law prohibits federal incentive payments from being used as a source of state matching funds to draw down federal monies. The FY 2008 budget provided an increase of \$3,141,300 from the General Fund to backfill lost federal funds. The increase also allowed the division to meet additional case review requirements implemented by the DRA.

**Table 1**

**Division of Child Support Enforcement  
Funding History**

| <b>Fund</b>  | <b>FY 2001</b>      | <b>FY 2006</b>      | <b>FY 2007</b>      | <b>FY 2008</b>      |
|--------------|---------------------|---------------------|---------------------|---------------------|
| <b>GF</b>    | \$ 5,029,200        | \$ 5,371,400        | \$ 5,718,500        | \$ 9,120,000        |
| <b>OF</b>    | 9,793,300           | 11,939,300          | 14,287,200          | 15,119,600          |
| <b>EA</b>    | 31,503,300          | 37,261,400          | 40,096,300          | 41,617,400          |
| <b>Total</b> | <b>\$46,325,800</b> | <b>\$54,572,100</b> | <b>\$60,102,000</b> | <b>\$65,857,000</b> |

The SSRE, federal incentives for collections, and fees from non-custodial parents are deposited in the Child Support Enforcement Administration (CSEA) Fund and appropriated as an Other Appropriated Fund (OF). For FY 2008, the estimated \$12,704,600 collected from the SSRE make up the bulk of the money deposited into the CSEA Fund (66%), as shown in *Table 2*. In addition to the GF and CSEA Fund appropriations, the total appropriation also includes Federal Expenditure Authority (EA) for DCSE. The federal monies received by DCSE generally match state funds at a ratio of 66% federal to 34% state.

*Table 2* lists sources and uses of the CSEA Fund. The SSRE is collected from those individuals receiving TANF assistance while also receiving child support. Title IV-D of the federal Social Security Act requires that when the state collects child support from current TANF recipients, the federal and state governments receive their shares first, with the remainder to be paid to the recipient. For collections made on behalf of former TANF recipients who continue to receive child support, the recipients are first to receive their share. The Federal Incentives program that contributes to the CSEA Fund is based on a fixed amount of federal monies provided every

fiscal year (the FY 2008 total is \$483 million), of which the share of the state is determined based upon specific federal measures regarding paternity establishment, support order establishment, current support collection, arrearage collections and cost effectiveness. Additionally, the state's share is not only determined by its own performance, but its performance relative to other states and territories. Expenditures from the CSEA Fund have increased by 56.7% since FY 2001.

|   |                     |
|---|---------------------|
| <b>Table 2</b>                            |                     |
| <b>FY 2008 CSEA Fund Sources and Uses</b> |                     |
| <b><u>Sources</u></b>                     |                     |
| State Share of Retained Earnings          | \$12,704,600        |
| Federal Incentive Payments                | 5,443,500           |
| Fees                                      | 907,400             |
| <b>Total</b>                              | <b>\$19,166,100</b> |
| <b><u>Uses</u></b>                        |                     |
| DCSE Administration                       | \$15,119,600        |
| Administration (Non-Appropriated)         | 4,046,500           |
| <b>Total</b>                              | <b>\$19,166,100</b> |

### **Performance Measures**

Table 3 lists the performance measures used in the General Appropriations Act to evaluate the effectiveness of the DCSE program. Both criteria concern federal Title IV-D collections, which is a provision in the Social Security Act that enforces the support obligations owed by non-custodial parents. The first measure reflects monies collected in the execution of IV-D. The second measure represents the ratio of collected and distributed support to current support due. These measures are somewhat related to the SSRE in that a portion of the total IV-D collections will be deposited into the CSEA Fund, while both measures will be used as determinants of federal incentive payments when compared with the progress of other states.

|   |                      |                      |                      |                        |
|---|----------------------|----------------------|----------------------|------------------------|
| <b>Table 3</b>  |                      |                      |                      |                        |
| <b>Performance Measures</b>   |                      |                      |                      |                        |
|   | <b>FY 2004</b>       | <b>FY 2005</b>       | <b>FY 2006</b>       | <b>FY 2008</b>         |
|   | <b><u>Actual</u></b> | <b><u>Actual</u></b> | <b><u>Actual</u></b> | <b><u>Estimate</u></b> |
| Total IV-D collections (\$ in millions)   | 273.5                | 291.9                | 307.3                | 330.0                  |
| Ratio of current IV-D support collected and distributed to current IV-D support | 41.5                 | 43.8                 | 44.7                 | 45.0                   |